

Joint Meeting of Standing Committee on Appropriations & Portfolio Committee on Health. Health Financial Performance Overview

National Treasury | 22 March 2017



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

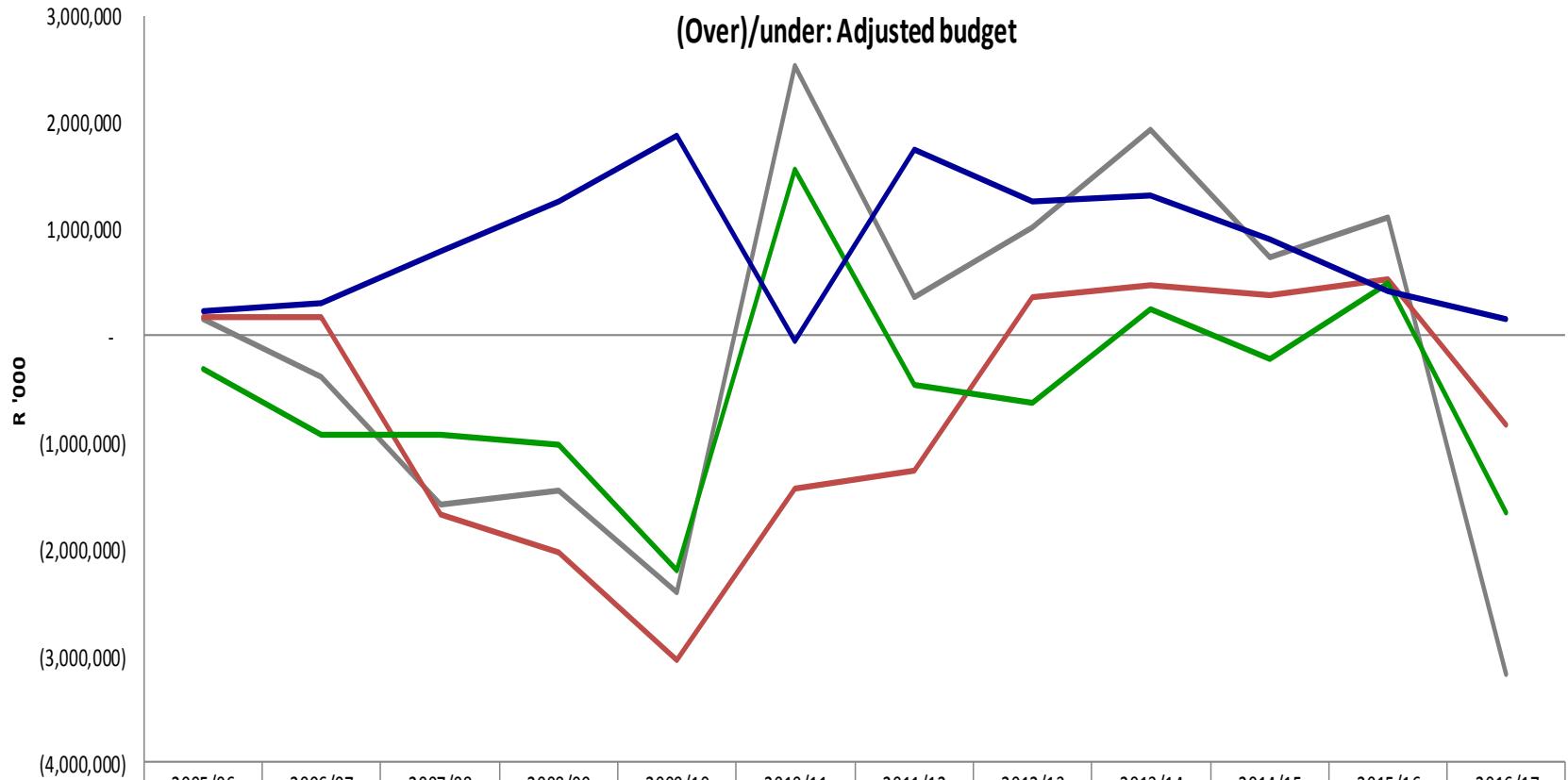
Introduction

- Health budgets under pressure due to a decade of low national economic growth combined with the challenge of rising input costs
- Excluding conditional grants small real declines in 17/18 in some provinces.
- Seeking to achieve efficiencies through better medicine procurement, reduced building, improving information; focus on outcomes, containing administration spending;
- Aims to contain personnel spending, while protecting critical including clinical posts
- Provincial infrastructure spending especially Limpopo reduced by formation of indirect grant, Committee may want to review whether it is working
- NT has historically protected social sector spending levels despite upward spending pressure from occupation specific remuneration improvements
- Slow growth in health budgets since 2012/13 will likely continue at least until 2019/20.
- Instabilities within the sector over the years due to the constant change in management.
- The sector has responded through implementing efficiencies, budget constraints, and through proposed NHI reforms.

Cost containment/efficiency measures

- **The health sector has responded to the slowing budget growth and rising costs with the following cost containment/efficiency measures:**
 1. **Limiting personnel numbers** since 2012/13 while protecting critical including clinical posts
 2. **Centralised medicines procurement:** Seeking greater savings on medicines tenders
 3. **Non-negotiables:** Developing a set of Ministerial “non-negotiable” budget items which provinces must prioritise in budgets
 4. **Reducing capital spending** on buildings and medical equipment and delaying capital projects and equipment purchases
 - Provincial infrastructure spending (esp. Limpopo) reduced by formation of indirect grant, Committee may want to review whether it is working
 5. **Implementation of NHI** might reverse this low-growth budget trend
 - Additional revenue streams could potentially be introduced
 - NHI Fund (greater pooling and purchasing power) and provider payment reform envisaged under NHI will facilitate efficiencies

Expenditure trends_2005/06 to 2016/17



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total (Over)/Under	154,454	(379,303)	(1,585,197)	(1,450,435)	(2,399,063)	2,530,201	356,712	1,015,755	1,938,453	746,278	1,119,827	(3,177,219)
CoE	170,054	170,584	(1,667,395)	(2,027,906)	(3,033,079)	(1,435,574)	(1,253,086)	362,187	471,338	377,145	533,198	(835,787)
G&S	(310,630)	(931,792)	(918,330)	(1,015,209)	(2,194,560)	1,568,306	(467,421)	(633,324)	243,186	(208,627)	500,761	(1,650,228)
Capex	240,353	309,827	789,083	1,259,652	1,874,827	(40,394)	1,740,338	1,269,803	1,313,078	909,907	426,281	166,198

Audit outcomes and financial management leadership

Health Financial management status

R'000	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Fin Management Leadership	
							HOD	CFO
Eastern Cape	Qualified	Qualified	Qualified	Qualified	Qualified	Unqualified	Filled	Filled
Free State	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Filled	Filled
Gauteng	Qualified	Qualified	Qualified	Qualified	Qualified	Unqualified	Suspended (Acting)	Filled
Kw aZulu-Natal	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Filled	Acting
Limpopo	Disclaimer	Disclaimer	Disclaimer	Qualified	Unqualified	Qualified	Filled	Filled
Mpumalanga	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Filled	Filled
Northern Cape	Disclaimer	Disclaimer	Qualified	Qualified	Qualified	Qualified	Acting	Filled
North West	Unqualified	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Filled	Filled
Western Cape	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Filled	Filled

- Sector in stabilising with HODs and CFO been appointed in most provinces
- KZN CFO position has been vacant for some time now.
- WC Health has been stable in finance management leadership over a number of years, hence it has been able to maintain a 12 year trend in unqualified audits.

Health Sector Financial Management – 2015/16

Table: Health Sector Financial Management

Province	Accruals And Payables				Unauthorised Exp		Irregular Exp		Fruitless and Wasteful Exp		Cash Balances	
	R'000	Total	% Share	30 Days +	% Share	Total	% Share	Total	% Share	Total	% Share	Mar-16
Eastern Cape	1,323,144	13.4%	627,883	15.9%	91,449	2.7%	212,757	0.9%	2,161	0.4%	31,275	21,758
Free State	199,438	2.0%	96,561	2.4%	31,814	0.9%	367,905	1.5%	672	0.1%	58,149	624
Gauteng	4,664,360	47.3%	2,029,935	51.4%	1,598,685	47.7%	6,125,404	25.5%	447,374	90.8%	-251,561	-558,177
KwaZulu-Natal	1,207,297	12.2%	178,976	4.5%	490,027	14.6%	4,100,739	17.1%	5,117	1.0%	-429,820	-74,128
Limpopo	734,100	7.4%	250,586	6.3%	222,381	6.6%	1,244,739	5.2%	15,901	3.2%	-113,284	10,732
Mpumalanga	382,992	3.9%	65,343	1.7%	200,706	6.0%	4,256,698	17.7%	1,007	0.2%	35,516	93,746
Northern Cape	450,096	4.6%	317,332	8.0%	360,281	10.7%	5,072,165	21.1%	4,946	1.0%	-186,545	-240,620
North West	656,993	6.7%	331,966	8.4%	358,425	10.7%	2,566,430	10.7%	15,254	3.1%	875	19,228
Western Cape	244,228	2.5%	48,529	1.2%	-	0.0%	71,290	0.3%	-	0.0%	607,866	25,815
Total	9,862,648	100.0%	3,947,111	100.0%	3,353,768	100.0%	24,018,127	100.0%	492,432	100.0%	-247,529	-701,020

- Low budget growth compounded by accruals and unauthorised at end 2015/16
- GT, NC +EC: Large accruals >30 days.
- Most accruals not cash-backed and are affecting spending in 2016/17
- High unauthorised spending GT.

Medico legal claims

Table: Medico Legal Claims as at 31 March 2016

R'000	31-Mar-15	31-Mar-16	% Share	Y/Y increase
Eastern Cape	8,210,838	13,421,136	31.1%	5,210,298
Free State	540,365	940,545	2.2%	400,180
Gauteng	10,079,281	13,452,064	31.2%	3,372,783
Kw aZulu-Natal	6,724,865	9,957,126	23.1%	3,232,261
Limpopo	1,196,787	1,606,657	3.7%	409,870
Mpumalanga	1,459,497	2,366,010	5.5%	906,513
Northern Cape	174,111	342,829	0.8%	168,718
North West	33,881	855,737	2.0%	821,856
Wetern Cape	193,395	182,025	0.4%	-11,370
Total	28,613,020	43,124,129	100%	14,511,109

Table: Payment trend on claims against the state

R'000	2012/13	2013/14	2014/15	2015/16	2016/17	Growth rate 2012/13-2015/16
Eastern Cape	63,359	74,775	74,868	255,561	210,108	49.1%
Free State	440	700	196	1,728	1,540	51.8%
Gauteng	616	2,957	2,265	3,785	2,915	67.9%
Kw aZulu-Natal	20,679	97,433	103,536	90,367	243,001	127.3%
Limpopo	8,040	25,022	35,073	1,160	1,025	-49.7%
Mpumalanga	13,918	44,080	7,628	15,211	34,255	35.0%
Northern Cape	1,437	10,705	3,828	4,844	823	-17.0%
North West	5,502	10,896	13,246	6,422	29,521	75.1%
Wetern Cape	6,928	23,015	19,272	28,073	36,889	74.6%
Total	120,919	289,583	259,912	407,151	560,077	66.7%

- Very high and growing claims for EC, GT, KZN and MPU
- Actual pay-outs much lower but KZN and EC are highest
- Need improved systems to prevent and manage this problem

Health as at 31 January 2017 – 2016/17

Table: Provincial Health Expenditure as at 31 January 2017

R thousand	Adjusted budget	Projected outcome	Actual payments as at 31 January 2017	Actual payments as % of adjusted budget	(Over)	Under	%(Over)/under of adjusted budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2015/16: Outcome as at 31 January 2015	Year-on-year growth
Eastern Cape	20,648,269	20,429,092	17,350,622	84.0%	-	219,177	1.1%	30.4%	39.3%	15,947,688	8.8%
Free State	9,042,105	9,042,105	7,482,521	82.8%	-	-	0.0%	28.7%	40.0%	7,058,568	6.0%
Gauteng	37,656,857	39,370,808	32,449,782	86.2%	-1,713,951	-	-4.6%	37.1%	47.1%	28,678,760	13.1%
Kw aZulu-Natal	37,039,000	37,437,508	31,587,896	85.3%	-398,508	-	-1.1%	34.5%	43.8%	28,779,537	9.8%
Limpopo	17,098,722	17,693,376	14,335,373	83.8%	-594,654	-	-3.5%	30.5%	38.5%	13,087,538	9.5%
Mpumalanga	10,606,328	10,628,766	9,061,656	85.4%	-22,438	-	-0.2%	26.5%	35.9%	8,073,227	12.2%
Northern Cape	4,494,185	4,666,292	3,382,855	75.3%	-172,107	-	-3.8%	27.5%	39.2%	3,529,235	-4.1%
North West	9,675,937	10,172,263	7,975,085	82.4%	-496,326	-	-5.1%	27.6%	39.0%	7,457,409	6.9%
Western Cape	20,144,545	20,142,957	16,213,428	80.5%	-	1,588	0.0%	36.2%	48.0%	15,091,735	7.4%
Total	166,405,948	169,583,167	139,839,218	84.0%	-3,397,984	220,765	-1.9%	32.6%	42.5%	127,703,697	9.5%

- GT projecting significant over-spending in 16/17 largely due to accruals
- Some of other provinces unlikely to over-spend given % of budget close to 83.3% benchmark for Jan

Changes to baseline

Health: Changes to baseline: Revised 2016 MTEF vs 2017 MTEF

R thousand	2017/18				2018/19				2019/20			
	2016 Medium- term estimates	2017 Medium- term estimates	Changes to baseline	% Change	2016 Medium- term estimates	2017 Medium- term estimates	Changes to baseline	% Change	2016 Medium- term estimates	2017 Medium- term estimates	Changes to baseline	% Change
Eastern Cape	21,476,552	21,707,165	230,613	1.1%	22,831,656	23,364,729	533,073	2.3%	24,110,229	25,091,146	980,918	4.1%
Free State	9,687,502	9,737,892	50,390	0.5%	10,429,806	10,436,826	7,020	0.1%	11,013,875	11,210,584	196,709	1.8%
Gauteng	39,909,927	40,207,046	297,119	0.7%	42,500,389	42,068,422	(431,967)	-1.0%	44,880,411	45,193,153	312,742	0.7%
Kw aZulu-Natal	39,541,537	39,548,473	6,936	0.0%	42,183,873	41,959,574	(224,299)	-0.5%	44,546,170	44,992,728	446,558	1.0%
Limpopo	17,019,294	18,042,777	1,023,483	6.0%	18,086,454	18,990,763	904,309	5.0%	19,099,295	20,235,709	1,136,413	6.0%
Mpumalanga	11,821,273	12,020,037	198,764	1.7%	12,658,764	12,688,869	30,105	0.2%	13,367,655	13,552,612	184,957	1.4%
Northern Cape	4,320,229	4,433,893	113,664	2.6%	4,601,242	4,614,994	13,752	0.3%	4,858,912	4,933,205	74,293	1.5%
North West	10,300,672	10,461,340	160,668	1.6%	11,047,239	11,121,303	74,064	0.7%	11,665,884	11,971,392	305,508	2.6%
Western Cape	21,104,864	21,679,806	574,942	2.7%	22,500,628	22,798,527	297,899	1.3%	23,760,663	24,030,698	270,035	1.1%
Total	175,181,850	177,838,429	2,656,579	1.5%	186,840,051	188,044,005	1,203,954	0.6%	197,303,094	201,211,227	3,908,133	2.0%

- R2.6b, R1.2 b and R3.9b added to baseline in Budget 2017
- Largest additions to baseline in Limpopo
- GT reduction to baseline for 2018/19

Additional allocations Budget 2017

- R1b for medicine cost inflation in 19/20, additional amounts for personnel costs
- R900 m to HIV/AIDS conditional grant in 19/20, but small savings in 17/18 (R102m) and 18/19 (R110m) ; Move to test and treat; TB included; would like to see greater integration/efficiencies
- Nelson Mandela Children's Hospital (R150m, R200m, R300m)
- Indirect NHI grant: PHC patient registration system and medicine stock management
- Small savings in Health facility Revitalisation grant (R115m, R121m, R127m)
- Low budget environment requires efficiencies, also in service platforms, need process for critical posts
- Potential savings through central procurement medical supplies, chronic medicine delivery

Benchmarking item spending per capita vs provincial average

	CoE	G&S	Labs	Food	Med supplies	Medicine s	Fuel/gas	Trav&Su b	Transfer: municip	Transfer: NGO	Capex	Build	Equip
ec	97.2%	84.7%	79.3%	108.5%	72.2%	78.3%	109.4%	165.9%	1.8%	0.0%	104.6%	97.1%	101.8%
fs	114.0%	108.5%	136.8%	93.4%	114.4%	95.9%	135.5%	147.8%	0.0%	52.9%	117.9%	123.9%	130.9%
gt	96.7%	111.4%	101.2%	177.2%	140.7%	120.9%	139.9%	31.0%	222.3%	144.3%	115.6%	92.8%	159.8%
kzn	108.7%	113.0%	147.2%	73.8%	100.9%	116.3%	121.8%	79.2%	64.1%	46.1%	71.6%	69.8%	70.8%
lim	100.6%	63.3%	46.9%	67.7%	33.2%	69.1%	83.3%	94.1%	14.5%	165.8%	58.2%	28.3%	110.5%
mpu	81.3%	73.6%	71.4%	114.4%	55.9%	110.4%	57.2%	84.4%	0.0%	129.0%	174.7%	277.5%	33.9%
nc	99.3%	124.9%	109.6%	135.6%	82.5%	87.5%	157.8%	384.2%	4.0%	249.2%	222.9%	260.7%	166.4%
nw	83.6%	81.5%	79.4%	15.1%	64.2%	78.1%	72.5%	190.5%	0.0%	0.0%	99.7%	127.8%	59.0%
wc	111.7%	134.3%	105.3%	55.9%	178.0%	96.7%	0.0%	77.5%	350.5%	206.7%	71.8%	56.6%	67.7%
Tot	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Limpopo spends least on medical supplies (33%), laboratories (46%); crowding out by personnel spending

Health budget over 2017 MTEF

Table: Summary: Health over the MTEF

R thousand	2016/17	2017/18	2018/19	2019/20	% Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
Eastern Cape	20 429 092	21 707 165	23 364 729	25 091 146	6.3%	7.1%
Free State	9 042 105	9 737 892	10 436 826	11 210 584	7.7%	7.4%
Gauteng	39 370 808	40 207 046	42 068 422	45 193 153	2.1%	4.7%
Kw aZulu-Natal	37 437 508	39 548 473	41 959 574	44 992 728	5.6%	6.3%
Limpopo	17 693 376	18 042 777	18 990 763	20 235 709	2.0%	4.6%
Mpumalanga	10 628 766	12 020 037	12 688 869	13 552 612	13.1%	8.4%
Northern Cape	4 666 292	4 433 893	4 614 994	4 933 205	(5.0%)	1.9%
North West	10 172 263	10 461 340	11 121 303	11 971 392	2.8%	5.6%
Western Cape	20 142 957	21 679 806	22 798 527	24 030 698	7.6%	6.1%
Total payments	169 583 167	177 838 429	188 044 005	201 211 227	4.9%	5.9%
<i>Economic classification</i>						
Current payments	155 123 218	162 493 257	173 062 132	185 241 447	4.8%	6.1%
Compensation of employees	105 394 808	112 035 228	118 744 067	126 059 375	6.3%	6.1%
Goods and services	49 718 840	50 456 447	54 316 367	59 180 289	1.5%	6.0%
Interest on rent and land	9 570	1 582	1 699	1 783	(83.5%)	(42.9%)
Transfers and subsidies	5 977 423	5 525 956	5 760 888	6 042 867	(7.6%)	0.4%
Payments for capital assets	8 359 698	9 711 608	9 220 986	9 926 913	16.2%	5.9%
Payments for financial assets	122 828	107 608	–	–	(12.4%)	(100.0%)
<i>of which: non-comp, non-capital</i>	55 828 661	56 091 593	60 078 953	65 224 939	0.5%	5.3%
Total payments	169 583 167	177 838 429	188 044 006	201 211 227	4.9%	5.9%

Health proportionate budgets over 2017 MTEF

Table: Proportionate expenditure of Health

R million	2017/18									Total all provinces
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	
Economic classification										
Current payments	20 073	9 090	36 162	37 076	16 684	10 319	3 808	9 540	19 740	162 493
Compensation of employees	14 416	6 362	23 815	25 247	12 999	7 329	2 431	6 628	12 808	112 035
Goods and services	5 657	2 728	12 347	11 829	3 685	2 990	1 377	2 911	6 933	50 456
Other current payments	–	0	–	0	–	–	–	1	–	2
Transfers and subsidies	290	77	1 579	924	707	335	153	236	1 226	5 526
Payments for capital assets	1 344	570	2 466	1 441	652	1 366	473	685	714	9 712
Payments for financial assets	–	–	–	108	–	–	–	–	–	108
<i>of which: non-comp, non-capital</i>	5 948	2 805	13 926	12 860	4 391	3 325	1 530	3 148	8 159	56 092
Total payments	21 707	9 738	40 207	39 548	18 043	12 020	4 434	10 461	21 680	177 838
Percentage share of total economic classification										
Economic classification										
Current payments	92.5%	93.4%	89.9%	93.7%	92.5%	85.8%	85.9%	91.2%	91.1%	91.4%
Compensation of employees	66.4%	65.3%	59.2%	63.8%	72.0%	61.0%	54.8%	63.4%	59.1%	63.0%
Goods and services	26.1%	28.0%	30.7%	29.9%	20.4%	24.9%	31.1%	27.8%	32.0%	28.4%
Other current payments	–	0.0%	–	0.0%	–	–	–	0.0%	–	0.0%
Transfers and subsidies	1.3%	0.8%	3.9%	2.3%	3.9%	2.8%	3.4%	2.3%	5.7%	3.1%
Payments for capital assets	6.2%	5.9%	6.1%	3.6%	3.6%	11.4%	10.7%	6.6%	3.3%	5.5%
Payments for financial assets	–	–	–	0.3%	–	–	–	–	–	0.1%
<i>of which: non-comp, non-capital</i>	27.4%	28.8%	34.6%	32.5%	24.3%	27.7%	34.5%	30.1%	37.6%	31.5%
Total payments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Limpopo highest spending on personnel, is crowding out other items, only 20% on goods and 3.6% on capex
- Compensation averages 63% of provincial health budgets

Health Less Conditional Grant over 2017 MTEF

Table: Summary: Health LESS conditional grant over the MTEF

R thousand	2017/18			2018/19			2019/20		
	Health budgets less CGs	% Health budgets less CGs of total health	% Health budgets less CGs of Total Provincial Budget	Health budgets less CGs	% Health budgets less CGs of total health	% Health budgets less CGs of Total Provincial	Health budgets less CGs	% Health budgets less CGs of total health	% Health budgets less CGs of Total Provincial
Eastern Cape	17,928,415	82.6%	29.0%	19,249,066	82.4%	29.1%	20,683,982	82.4%	29.1%
Free State	6,853,329	70.4%	27.9%	7,359,190	70.5%	28.0%	7,922,192	70.7%	28.1%
Gauteng	30,542,084	76.0%	35.3%	31,593,162	75.1%	34.0%	33,850,934	74.9%	33.8%
Kw aZulu-Natal	31,518,413	79.7%	33.6%	33,154,853	79.0%	33.2%	35,376,361	78.6%	33.1%
Limpopo	15,682,285	86.9%	30.2%	16,445,277	86.6%	29.7%	17,395,138	86.0%	29.3%
Mpumalanga	10,288,230	85.6%	28.5%	10,750,836	84.7%	27.9%	11,442,247	84.4%	27.8%
Northern Cape	3,085,566	69.6%	26.3%	3,226,210	69.9%	25.8%	3,439,843	69.7%	25.6%
North West	8,219,578	78.6%	27.1%	8,742,861	78.6%	26.9%	9,394,625	78.5%	27.0%
Western Cape	16,200,137	74.7%	36.4%	16,920,747	74.2%	35.7%	17,739,915	73.8%	34.8%
Total	140,318,037	78.9%	31.8%	147,442,200	78.4%	31.3%	157,245,238	78.1%	31.1%

Health budgets excluding conditional grants

% above per capita mean							
	13/14	14/15	15/16	16/17 adj	17/18	18/19	19/20
Eastern Cape	102.2%	98.3%	96.4%	97.8%	96.6%	99.0%	100.0%
Free State	105.0%	102.3%	98.6%	96.6%	98.1%	101.1%	103.0%
Gauteng	91.8%	97.0%	102.1%	100.1%	99.1%	97.2%	97.3%
KwaZulu-Natal	111.8%	107.8%	107.1%	108.3%	108.3%	108.5%	108.5%
Limpopo	96.9%	99.1%	96.2%	98.5%	96.9%	96.8%	96.1%
Mpumalanga	83.2%	85.8%	88.5%	85.3%	91.1%	90.5%	90.2%
Northern Cape	96.7%	103.7%	102.4%	109.7%	100.6%	101.0%	101.8%
North West	92.6%	85.3%	82.3%	82.3%	82.8%	83.6%	84.2%
Western Cape	110.4%	113.0%	111.3%	110.8%	112.8%	111.8%	109.7%

- Convergence in provincial budgets excluding conditional grants (expressed per capita as % of national average)
- Gauteng is below average despite higher revenue and higher risk population
- North West lowest
- Limpopo aggregate fairly reasonable considering younger population

Compensation of employees over 2017 MTEF

Table: Health: Compensation of employees over the MTEF

R thousand Province	2016/17	2017/18	2018/19	2019/20	%Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
Eastern Cape	13 414 415	14 415 656	15 372 271	16 459 115	7.5%	7.1%
Free State	5 837 191	6 362 345	6 741 038	7 287 033	9.0%	7.7%
Gauteng	23 244 013	23 815 004	25 228 708	26 763 735	2.5%	4.8%
Kw aZulu-Natal	23 477 521	25 246 832	26 828 865	28 548 396	7.5%	6.7%
Limpopo	12 338 382	12 999 392	13 753 358	14 557 383	5.4%	5.7%
Mpumalanga	6 715 205	7 329 114	7 847 371	8 286 825	9.1%	7.3%
Northern Cape	2 318 603	2 430 992	2 559 313	2 708 871	4.8%	5.3%
North West	6 187 837	6 628 382	6 970 131	7 274 189	7.1%	5.5%
Western Cape	11 861 641	12 807 510	13 443 012	14 173 828	8.0%	6.1%
Total payments	105 394 808	112 035 228	118 744 067	126 059 375	6.3%	6.1%

Doctor numbers have been largely protected

OCCUPATIONAL CLASSIFICATION	Dec-11	Dec-12	Net Gain / Loss: Dec 11 - Dec 12	Dec-13	Net Gain / Loss: Dec 12 - Dec 13	Dec-14	Net Gain / Loss: Dec 13 - Dec 14	Dec-15	Net Gain / Loss: Dec 14 - Dec 15	Dec-16	Net Gain / Loss: Dec 15 - Dec 16
MEDICAL PRACTITIONERS	12,635	13,073	438	13,715	642	13,770	55	14,411	641	14,436	25
<i>EASTERN CAPE</i>	1,551	1,479	-72	1,522	43	1,628	106	1,730	102	1,737	7
<i>FREE STATE</i>	637	678	41	723	45	633	-90	607	-26	597	-10
<i>GAUTENG</i>	2,788	2,909	121	3,088	179	3,276	188	3,444	168	3,456	12
<i>KWA-ZULU NATAL</i>	3,274	3,460	186	3,629	169	3,496	-133	3,617	121	3,614	-3
<i>LIMPOPO</i>	1,072	1,128	56	1,162	34	1,234	72	1,318	84	1,234	-84
<i>MPUMALANGA</i>	839	875	36	955	80	851	-104	912	61	1,014	102
<i>NORTHERN CAPE</i>	359	386	27	391	5	378	-13	471	93	438	-33
<i>NORTH WEST</i>	624	638	14	675	37	717	42	731	14	756	25
<i>WESTERN CAPE</i>	1,491	1,520	29	1,570	50	1,557	-13	1,581	24	1,590	9
MEDICAL SPECIALISTS	4,751	4,906	155	4,982	76	5,043	61	4,988	-55	5,049	61
<i>EASTERN CAPE</i>	233	207	-26	184	-23	176	-8	171	-5	178	7
<i>FREE STATE</i>	349	359	10	336	-23	314	-22	305	-9	298	-7
<i>GAUTENG</i>	1,760	1,782	22	1,851	69	1,921	70	1,983	62	2,007	24
<i>KWA-ZULU NATAL</i>	706	775	69	818	43	784	-34	730	-54	789	59
<i>LIMPOPO</i>	90	101	11	95	-6	86	-9	78	-8	70	-8
<i>MPUMALANGA</i>	69	72	3	67	-5	87	20	80	-7	76	-4
<i>NORTHERN CAPE</i>	16	20	4	30	10	27	-3	25	-2	22	-3
<i>NORTH WEST</i>	90	105	15	112	7	117	5	114	-3	105	-9
<i>WESTERN CAPE</i>	1,438	1,485	47	1,489	4	1,531	42	1,502	-29	1,504	2
TOTAL MEDICAL PERSONNEL	17,707	18,284	577	18,999	715	19,203	204	19,783	580	19,864	81
<i>EASTERN CAPE</i>	1,784	1,689	-95	1,709	20	1,806	97	1,902	96	1,916	14
<i>FREE STATE</i>	986	1,040	54	1,062	22	950	-112	915	-35	897	-18
<i>GAUTENG</i>	4,548	4,691	143	4,939	248	5,197	258	5,429	232	5,464	35
<i>KWA-ZULU NATAL</i>	3,980	4,508	528	4,719	211	4,639	-80	4,700	61	4,750	50
<i>LIMPOPO</i>	1,162	1,255	93	1,280	25	1,344	64	1,421	77	1,327	-94
<i>MPUMALANGA</i>	908	947	39	1,022	75	938	-84	992	54	1,095	103
<i>NORTHERN CAPE</i>	375	406	31	421	15	405	-16	496	91	460	-36
<i>NORTH WEST</i>	714	743	29	787	44	834	47	845	11	861	16
<i>WESTERN CAPE</i>	2,929	3,005	76	3,060	55	3,090	30	3,083	-7	3,094	11

- Doctor numbers have been largely maintained: 19864 doctors at Dec 2016
- Decline in Limpopo of concern

Nurse numbers largely protected

OCCUPATIONAL CLASSIFICATION	Dec-11	Dec-12	Net Gain / Loss: Dec 11 - Dec 12	Dec-13	Net Gain / Loss: Dec 12 - Dec 13	Dec-14	Net Gain / Loss: Dec 13 - Dec 14	Dec-15	Net Gain / Loss: Dec 14 - Dec 15	Dec-16	Net Gain / Loss: Dec 15 - Dec 16
NURSING ASSISTANTS	36,887	36,185	-702	35,210	-975	34,768	-442	34,699	-69	33,988	-711
EASTERN CAPE	6,003	5,819	-184	5,529	-290	5,525	-4	5,552	27	5,213	-339
FREE STATE	2,011	1,997	-14	2,008	11	1,939	-69	2,076	137	2,035	-41
GAUTENG	6,988	6,585	-403	6,564	-21	6,451	-113	6,493	42	6,819	326
KWA-ZULU NATAL	6,364	6,547	183	6,395	-152	6,324	-71	6,334	10	6,089	-245
LIMPOPO	5,805	5,657	-148	5,144	-513	4,980	-164	5,022	42	4,990	-32
MPUMALANGA	2,007	1,715	-292	1,703	-12	1,724	21	1,570	-154	1,444	-126
NORTHERN CAPE	929	925	-4	897	-28	913	16	890	-23	870	-20
NORTH WEST	2,742	2,784	42	2,838	54	2,771	-67	2,593	-178	2,368	-225
WESTERN CAPE	4,038	4,156	118	4,132	-24	4,141	9	4,169	28	4,160	-9
PROFESSIONAL NURSE	59,460	62,387	2,927	65,038	2,651	66,317	1,279	68,453	2,136	69,207	754
EASTERN CAPE	9,302	9,574	272	9,705	131	9,962	257	10,172	210	10,079	-93
FREE STATE	2,280	2,458	178	2,470	12	2,331	-139	2,364	33	2,318	-46
GAUTENG	11,211	11,668	457	12,262	594	12,502	240	13,109	607	13,984	875
KWA-ZULU NATAL	14,269	15,520	1,251	16,022	502	16,240	218	16,843	603	16,940	97
LIMPOPO	8,396	8,498	102	8,824	326	9,427	603	9,653	226	9,464	-189
MPUMALANGA	4,204	4,489	285	4,905	416	4,880	-25	5,221	341	5,485	264
NORTHERN CAPE	1,348	1,334	-14	1,336	2	1,336	0	1,456	120	1,444	-12
NORTH WEST	3,757	3,904	147	4,496	592	4,495	-1	4,382	-113	4,235	-147
WESTERN CAPE	4,693	4,942	249	5,018	76	5,144	126	5,253	109	5,258	5
STAFF NURSES AND PUPIL NURSES	29,420	30,408	988	30,603	195	30,941	338	31,490	549	31,508	18
EASTERN CAPE	3,211	3,247	36	3,195	-52	3,272	77	3,277	5	3,114	-163
FREE STATE	754	834	80	835	1	857	22	861	4	853	-8
GAUTENG	5,698	5,772	74	6,180	408	6,436	256	6,742	306	7,502	760
KWA-ZULU NATAL	10,523	11,160	637	10,849	-311	10,656	-193	10,892	236	10,344	-548
LIMPOPO	4,346	4,319	-27	4,252	-67	4,229	-23	4,320	91	4,225	-95
MPUMALANGA	1,611	1,721	110	1,707	-14	1,766	59	1,734	-32	1,795	61
NORTHERN CAPE	215	215	0	221	6	233	12	205	-28	203	-2
NORTH WEST	755	767	12	887	120	979	92	891	-88	869	-22
WESTERN CAPE	2,307	2,373	66	2,477	104	2,513	36	2,568	55	2,603	35
STUDENT NURSE	10,449	9,502	-947	7,952	-1,550	6,799	-1,153	6,124	-675	5,975	-149
EASTERN CAPE	1,467	998	-469	638	-360	251	-387	69	-182	6	-63
FREE STATE	0	0	0	0	0	0	0	0	0	0	0
GAUTENG	4,759	4,568	-191	3,942	-626	3,417	-525	3,117	-300	3,400	283
KWA-ZULU NATAL	2,139	1,948	-191	1,712	-236	1,684	-28	1,574	-110	1,305	-269
LIMPOPO	664	634	-30	580	-54	439	-141	452	13	447	-5
MPUMALANGA	736	852	116	819	-33	890	71	850	-40	796	-54
NORTHERN CAPE	0	0	0	0	0	0	0	0	0	0	0
NORTH WEST	684	502	-182	261	-241	118	-143	62	-56	21	-41
WESTERN CAPE	0	0	0	0	0	0	0	0	0	0	0
TOTAL NURSING	136,216	138,482	2,266	138,803	321	138,825	22	140,766	1,941	140,678	-88
EASTERN CAPE	19,983	19,638	-345	19,067	-571	19,010	-57	19,070	60	18,412	-658
FREE STATE	5,045	5,289	244	5,313	24	5,127	-186	5,301	174	5,206	-95
GAUTENG	28,656	28,593	-63	28,948	355	28,806	-142	29,461	655	31,705	2,244
KWA-ZULU NATAL	33,295	35,175	1,880	34,978	-197	34,904	-74	35,643	739	34,678	-965
LIMPOPO	19,211	19,108	-103	18,800	-308	19,075	275	19,447	372	19,126	-321
MPUMALANGA	8,558	8,777	219	9,134	357	9,260	126	9,375	115	9,520	145
NORTHERN CAPE	2,492	2,474	-18	2,454	-20	2,482	28	2,551	69	2,517	-34
NORTH WEST	7,938	7,957	19	8,482	525	8,363	-119	7,928	-435	7,493	-435
WESTERN CAPE	11,038	11,471	433	11,627	156	11,798	171	11,990	192	12,021	31

• Nurse numbers largely maintained

Non-negotiable items over 2017 MTEF (2)

Table: Health: Medicines over the MTEF

R thousand	2016/17	2017/18	2018/19	2019/20	% Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
		Eastern Cape	1 412 834	1 515 983	1 857 013	2 031 334
Free State	710 423	698 379	752 706	872 586	(1.7%)	7.1%
Gauteng	3 473 134	3 885 172	4 274 503	4 792 902	11.9%	11.3%
Kw aZulu-Natal	3 632 237	3 526 663	3 875 664	4 404 463	(2.9%)	6.6%
Limpopo	1 146 675	1 165 523	1 256 550	1 488 632	1.6%	9.1%
Mpumalanga	1 204 280	1 299 458	1 306 664	1 457 838	7.9%	6.6%
Northern Cape	310 071	279 746	297 907	345 527	(9.8%)	3.7%
North West	841 318	808 028	888 999	1 115 774	(4.0%)	9.9%
Western Cape	1 276 494	1 447 750	1 559 446	1 672 491	13.4%	9.4%
Total payments	14 007 466	14 626 702	16 069 451	18 181 546	4.4%	9.1%

Table: Health: Medical Supplies over the MTEF

R thousand	2016/17	2017/18	2018/19	2019/20	% Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
		Eastern Cape	673,826	758,870	972,038	1,070,099
Free State	346,021	452,453	526,812	540,574	30.8%	16.0%
Gauteng	2,225,401	2,454,640	2,617,966	2,942,558	10.3%	9.8%
Kw aZulu-Natal	1,569,191	1,662,273	1,730,405	1,830,405	5.9%	5.3%
Limpopo	308,989	304,256	333,070	400,177	(1.5%)	9.0%
Mpumalanga	373,921	357,438	386,716	408,372	(4.4%)	3.0%
Northern Cape	153,960	143,174	151,386	159,566	(7.0%)	1.2%
North West	326,448	361,003	371,220	394,837	10.6%	6.5%
Western Cape	1,324,594	1,446,215	1,532,146	1,635,379	9.2%	7.3%
Total payments	7,302,351	7,940,322	8,621,760	9,381,967	8.7%	8.7%

Province	Expenditure per person without medical aid		Change between 2016/17 and 2017/18		Percentage deviation from average	
	GHS 2014 2016/17	GHS 2015 2017/18	Actual	Percentage	2016/17	2017/18
	Eastern Cape	239	253	14	5.8%	-28.2%
Free State	293	302	9	3.1%	-12.2%	-7.3%
Gauteng	419	404	(15)	(3.6%)	25.6%	24.1%
Kw aZulu-Natal	393	374	(19)	(4.7%)	17.8%	15.1%
Limpopo	236	225	(11)	(4.5%)	-29.2%	-30.7%
Mpumalanga	386	363	(23)	(6.0%)	15.8%	11.5%
Northern Cape	309	287	(22)	(7.0%)	-7.4%	-11.8%
North West	279	256	(22)	(8.0%)	-16.4%	-21.2%
Western Cape	307	305	(2)	(0.6%)	-7.8%	-6.1%
Health	333	325	(8)	(2.4%)	0.0%	0.0%

Province	Expenditure per person without medical aid		Change between 2016/17 and 2017/18		Percentage deviation from average	
	GHS 2014 2016/17	GHS 2015 2017/18	Actual	Percentage	2016/17	2017/18
	Eastern Cape	114	127	13	11.0%	-34.3%
Free State	143	195	53	37.1%	-18.0%	10.7%
Gauteng	268	255	(13)	(5.0%)	54.4%	44.4%
Kw aZulu-Natal	170	176	7	4.0%	-2.3%	-0.1%
Limpopo	64	59	(5)	(7.5%)	-63.4%	-66.7%
Mpumalanga	120	100	(20)	(16.8%)	-31.0%	-43.5%
Northern Cape	153	147	(6)	(4.1%)	-11.8%	-16.8%
North West	108	115	6	5.9%	-37.7%	-35.1%
Western Cape	319	305	(14)	(4.3%)	83.6%	72.9%
Health	174	177	3	1.6%	0.0%	0.0%

Source: Population uninsured: 2014 General Household Survey (2014 GHS), 2015 General Household Survey (2015 GHS)

Source: Population uninsured: 2014 General Household Survey (2014 GHS), 2015 General Household Survey (2015 GHS)

Non-negotiable items over 2017 MTEF (2)

Table: Health: Laboratory Services over the MTEF

R thousand	2016/17	2017/18	2018/19	2019/20	% Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
		Eastern Cape	520 927	601 769	705 803	745 327
Free State	252 348	390 881	458 794	461 756	54.9%	22.3%
Gauteng	1 120 070	1 275 144	1 384 916	1 512 471	13.8%	10.5%
Kw aZulu-Natal	1 616 877	1 750 718	1 880 513	1 980 285	8.3%	7.0%
Limpopo	464 429	310 556	413 307	458 779	(33.1%)	(0.4%)
Mpumalanga	344 161	329 826	349 906	377 501	(4.2%)	3.1%
Northern Cape	166 070	137 388	145 934	153 956	(17.3%)	(2.5%)
North West	293 837	322 571	353 253	412 317	9.8%	12.0%
Western Cape	569 867	618 180	663 088	706 775	8.5%	7.4%
Total payments	5 348 586	5 737 034	6 355 515	6 809 167	7.3%	8.4%

Table: Health: Emergency Medical Services over the MTEF

R thousand	2016/17	2017/18	2018/19	2019/20	% Growth rates: Estimated actual (Nominal)	
	Projected Outcome	Medium-term estimates			2016/17- 2017/18	2016/17- 2019/20
		Eastern Cape	1 058 920	1 222 366	1 437 796	1 537 932
Free State	554 865	590 777	629 608	667 802	6.5%	6.4%
Gauteng	1 179 522	1 275 082	1 351 587	1 427 276	8.1%	6.6%
Kw aZulu-Natal	1 246 942	1 277 850	1 347 686	1 423 158	2.5%	4.5%
Limpopo	684 147	728 879	755 573	797 887	6.5%	5.3%
Mpumalanga	324 624	352 046	354 762	374 629	8.4%	4.9%
Northern Cape	330 451	297 695	315 661	333 727	(9.9%)	0.3%
North West	294 792	322 404	364 594	398 459	9.4%	10.6%
Western Cape	988 555	1 034 454	1 086 062	1 147 179	4.6%	5.1%
Total payments	6 662 818	7 101 553	7 643 328	8 108 049	6.6%	6.8%

Province	Expenditure per person without medical aid		Change between 2016/17 and 2017/18		Percentage deviation from average	
	GHS 2014 2016/17	GHS 2015 2017/18	Actual	Percentage	2016/17	2017/18
	Eastern Cape	88	101	12	13.9%	-30.6%
Free State	104	169	65	62.4%	-18.3%	32.3%
Gauteng	135	132	(3)	(1.9%)	6.1%	3.8%
Kw aZulu-Natal	175	186	11	6.3%	37.4%	45.6%
Limpopo	96	60	(36)	(37.2%)	-24.9%	-52.9%
Mpumalanga	110	92	(18)	(16.5%)	-13.4%	-27.9%
Northern Cape	165	141	(24)	(14.7%)	29.8%	10.5%
North West	97	102	5	5.1%	-23.5%	-19.8%
Western Cape	137	130	(7)	(4.9%)	7.8%	2.3%
Health	127	128	0	0.2%	0.0%	0.0%

Province	Expenditure per person without medical aid		Change between 2016/17 and 2017/18		Percentage deviation from average	
	GHS 2014 2016/17	GHS 2015 2017/18	Actual	Percentage	2016/17	2017/18
	Eastern Cape	179	204	25	13.8%	13.2%
Free State	229	255	27	11.6%	44.1%	61.5%
Gauteng	142	132	(10)	(6.9%)	-10.3%	-16.1%
Kw aZulu-Natal	135	136	1	0.6%	-15.0%	-14.1%
Limpopo	141	141	0	0.1%	-11.2%	-10.8%
Mpumalanga	104	98	(6)	(5.6%)	-34.4%	-37.8%
Northern Cape	329	305	(23)	(7.1%)	107.4%	93.4%
North West	98	102	5	4.7%	-38.4%	-35.2%
Western Cape	238	218	(20)	(8.3%)	50.1%	38.2%
Health	159	158	(1)	(0.4%)	0.0%	0.0%

Source: Population uninsured: 2014 General Household Survey (2014 GHS), 2015 General Household Survey (2015 GHS).

Source: Population uninsured: 2014 General Household Survey (2014 GHS), 2015 General Household Survey (2015 GHS).

Provincial Health Infrastructure as at 31 January 2017

Province	Main appropriation	Adjusted appropriation	Payments to date	% Payments against Adjusted Appropriation	Projected outcome on payments	% Projected outcome against Adjusted Appropriation	Projected (over)/under against Adjusted Appropriation
R thousand							
Eastern Cape	1 402 776	1 402 776	1 001 691	71.4%	1 345 367	95.9%	57 409
Free State	499 041	529 796	460 966	87.0%	529 796	100.0%	–
Gauteng	1 967 568	2 001 368	1 366 082	68.3%	2 001 368	100.0%	–
KwaZulu-Natal	1 536 515	1 472 695	1 093 371	74.2%	1 404 266	95.4%	68 429
Limpopo	735 668	735 668	446 580	60.7%	735 668	100.0%	–
Mpumalanga	531 570	590 392	536 143	90.8%	584 798	99.1%	5 594
Northern Cape	550 416	594 020	443 999	74.7%	596 596	100.4%	(2 576)
North West	543 112	565 490	471 862	83.4%	609 985	107.9%	(44 495)
Western Cape	856 071	915 780	664 303	72.5%	916 500	100.1%	(720)
Total	8 622 737	8 807 985	6 484 997	73.6%	8 724 344	99.1%	83 641

Source: IYM

Provincial Health Infrastructure Issues

- Slow progress in filling of posts specifically for infrastructure units (EC, FS,LP,MP & NC)
- Delays in procurement process and approval of projects (GP and LP)
- Operationalisation of New facilities is still a major challenge in the sector (De Aar and Upington hospital, Dr. Pixley ka Seme Hospital,Boitumelo Hospital, Brits hospital)
- The lack of closing completed projects by provinces delays the transferring of projects to the asset register.

Budget/spending issues: ICT systems

- NT created Information Systems component in the indirect NHI grant in 2017 MTEF
- Purpose:
 - to fund the development and roll-out of new health information systems in preparation of NHI
 - Build the enterprise architecture design for patient information systems, procurement and management of health commodities
- 1. Health Patient Registration Systems (HPRS): national electronic platform that allows for interoperability, captures patient data and unique identifier and will in future include clinical data including NHLS test results.
- 2. Rx Solutions: Electronic stock replenishment system in hospitals that supports regulation of stock control to prevent drug stock-outs
- 3. Stock Visibility Solution (SVS): Electronic stock replenishment system in primary health care facilities
 - Enables nurses to scan medicine barcodes and upload stock level information, including stock-outs, into an online system that can be viewed by various stakeholders involved in medicine supply management.
 - It is a mobile phone-based solution that provides real-time visibility of stock levels at primary healthcare dispensaries

ICT investments will achieve efficiencies

- 2017 Budget for Information systems component: 2017/18: R166m, 2018/19: R390m, and 2019/20: R412m
- Benefits:
 - The ICT improvements will reap significant efficiencies (e.g. reduce patient waiting times, limit unnecessary dispensing of medicines, prevent unnecessary repeat tests, prevent non-adherence to medicines due to stock outs)
 - Systems comply with national interoperability norms and standards
 - Development/implementation standardised across provinces, districts and public health facilities
- Challenges: Most public facilities do not have adequate infrastructure and Internet-connectivity. NDOH is working to install broadband connectivity in all public facilities.

Conclusion and recommendations

- Health budgets tight at a time of low growth
- Finding efficiencies will be important
- So far fairly good protection of critical clinical posts, this needs to continue
- Risk areas in several of the budgets which provinces will need to watch and address if required e.g. Gauteng, Limpopo
- Committee may want to review effectiveness of indirect grant for infrastructure
- In general health outcomes have continued to improve and continued focus on outcomes (eg maternal and child mortality) will be important